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No. 00-127

Supreme Court, U.S.
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In the Supreme Court of the United States

SEMICONDUCTOR ENERGY LABORATORY CO., LTD.,
Petitioner,

v.

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS AMERICA, INC., AND SAMSUNG SEMICONDUCTOR, INC.,
Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE RESPONDENTS IN OPPOSITION

RICHARD L. STANLEY
HOWREY SIMON ARNOLD & WHITE, LLP
750 Bering Drive
Houston, Texas 77057
(713) 787-1400

CECILIA H. GONZALEZ
HOWREY SIMON ARNOLD & WHITE, LLP
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 783-0800

DAVID J. HEALEY
Counsel of Record
GARY J. FISCHMAN
LISA S. MCCALMONT
GOLDSTEIN & HEALEY L.L.P.
1177 West Loop South, 10th Floor
Houston, Texas 77027
(713) 877-1515

Attorneys for Respondents Samsung Electronics Co., Ltd., et al.

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QUESTION PRESENTED

In this case, highly material information in a Japanese prior art reference that would have rendered the claimed invention unpatentable was found to have been concealed with an intent to deceive the PTO by a knowledgeable Japanese applicant experienced in the United States patent procurement process and disclosure duties. The applicant recognized such information was not in a preexisting, partial English translation of the Japanese reference but intentionally submitted only that partial translation and a misleading "concise" statement of relevance to the PTO which did not alert the examiner to the important but untranslated information.

The patentee's testimony as to his alleged subjective beliefs at the time was rejected as wholly incredible, and the evidence was found to demonstrate that the inequitable conduct as to the patent-in-suit was part of a larger "sophisticated, subtle, and consistent effort to hide the ball from the PTO in a manner plainly at odds with an applicant's duty of candor, good faith, and honesty . . . [as] part of an intentional, not accidental or inadvertent, plan to mislead the PTO." Given that petitioner did not or could not demonstrate any error in the district court's factual findings, the question presented is:

Did the district court and the Court of Appeals properly reject that applicant's belated attempts to manufacture a legal excuse for its demonstrated inequitable conduct on grounds that: (1) the full, untranslated Japanese reference was given to the PTO and initialed by the examiner; (2) the PTO rules do not require a complete English translation; and (3) the applicant accurately described the one material feature from the reference (out of several) that the applicant unilaterally elected to disclose?

PARTIES TO THE PROCEEDING

The parties to the proceeding in the United States Court of Appeals for the Federal Circuit were petitioner Semiconductor Energy Laboratory Co., Ltd. and respondents Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc.

RULE 29.6 STATEMENT

For purposes of S. Ct. R. 29.6, Samsung Electronics Co., Ltd. states that it is a publicly traded corporation organized under the law of the Republic of Korea. It has no parent or publicly traded affiliates as those terms are commonly employed under United States law, and there is no parent or publicly traded company owning 10% or more of its stock. Samsung Electronics America, Inc. and Samsung Semiconductor, Inc. are not publicly traded.

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BRIEF FOR THE RESPONDENTS IN OPPOSITION

Respondents Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., and Samsung Semiconductor, Inc. (collectively "Samsung") respectfully request that this Court deny the petition for a writ of certiorari filed by Semiconductor Energy Laboratory Co., Ltd. ("SEL") in this case.

The Federal Circuit's opinion is reported at 204 F.3d 1368 (Fed. Cir. 2000), and is reprinted at Petitioner's Appendix ("A.") 1a-26a. The district court's two opinions providing the extensive factual findings demonstrating SEL's inequitable conduct are reported at 4 F. Supp. 2d 477 (E.D. Va. 1998) and at 24 F. Supp. 2d 537 (E.D. Va. 1998), and are reprinted at A. 43a-83a and A. 84a-99a, respectively.

CONSTITUTIONAL, STATUTORY AND REGULATORY PROVISIONS INVOLVED

There are no constitutional or statutory provisions at issue in this case. Inequitable conduct provides an equitable defense to a charge of patent infringement. "The concept of inequitable conduct in patent procurement derives from the equitable doctrine of unclean hands: that a person who obtains a patent by intentionally misleading the PTO ["Patent and Trademark Office"] can not enforce the patent." *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1394 (Fed. Cir. 1988); *see Precision Instrument Mfg. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 814-16, 819 (1945); *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 244-47 (1933).

As such, inequitable conduct is an equitable doctrine under which patents can be held unenforceable where it is proven by clear and convincing evidence during subsequent litigation before a district court that the applicant knowingly withheld information material to patentability from the examiner with an intent to deceive the PTO into issuing the patent. *See Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178, 1180-81 (Fed. Cir. 1995); *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 872, 877 (Fed. Cir. 1988). The starting point for determining the "materiality" prong of an inequitable conduct inquiry is 37 C.F.R. § 1.56 ("Rule 56"). *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1257 (Fed. Cir. 1997). This contains the PTO's criterion for information that is material to patentability. *See* Pet. 2-3; A. 104a-106a.

STATEMENT OF THE CASE

The Federal Circuit's inequitable conduct decision cannot be reviewed in isolation from the district court's

detailed opinions. A. 43a-83a and A. 84a-99a. For purposes of SEL's petition, the relevant facts are those found by the district court and affirmed by the Federal Circuit as fully supported by the record. Yet, SEL's petition persists in presenting its rejected, discredited, and incredible version of its behavior and beliefs as if the prior judicial proceedings never occurred and as if this Court were free, even if so inclined, to make contrary findings in the first instance.

As SEL has done at every step of the review process in this case, it submits a Statement of the Case that "advanc[es] essentially the same arguments that were advanced ... at the hearing and ultimately found unpersuasive." A. 86a-87a n.5. Moreover, despite SEL's attempt before this Court to recast this case as one involving a federal court's review of agency action or a court's failure to defer to agency regulations, the inequitable conduct determination at issue was not made by the PTO, but by the district court following a seven-day trial devoted solely to the inequitable conduct issue during which Dr. Yamauchi, the inventor of the patent-in-suit and president of SEL, testified at length twice.

After the trial, the district judge issued detailed findings based on the conflicting evidence and testimony presented to him. The district court resolved all issues of credibility against SEL's witnesses Drs. Yamauchi and Lucovsky. A. 53a n.8. Upon affirming the district court's factual findings, the Federal Circuit concluded that the district court exercised no abuse of discretion in holding the '636 patent unenforceable. A. 16a-17a. The Federal Circuit agreed that SEL's inequitable conduct was demonstrated when it provided a misleadingly incomplete, partial English translation of the Japanese Canon '968 reference and a narrow and incomplete concise statement – a statement that was supposed to alert the examiner to the relevance of the

reference – but which instead concealed highly material aspects of the untranslated portions of the Canon reference. A. 16a-17a. The courts below concluded that Dr. Yamazaki intentionally and effectively concealed the most important features of the Canon reference from the PTO. Based on this record, no other conclusion was even possible.

A. SEL, Dr. Yamazaki, and The '636 Patent

Since approximately 1980, SEL has filed over 5,000 patent applications worldwide, and received approximately 1,500 U.S. and foreign patents. A. 44a. Dr. Yamazaki, a solid-state physicist, is the inventor or co-inventor on most of SEL's 1500 worldwide patents, including the '636 patent-in-suit. A. 44a. The '636 patent, given its revenue generating potential, was particularly important to Dr. Yamazaki; that potential clearly caused him to compromise his fundamental duty of candor to the PTO. A. 77a.

As SEL's president and major shareholder, Dr. Yamazaki is very experienced with the patent application process in the United States. As he testified, "patents are my life. They are very important to me." A. 77a. He conceded that he understood the duty of candor imposed upon applicants by the PTO. A. 55a n.11. Thus, SEL's premise in its petition that Dr. Yamazaki did not have advance notice of the established disclosure duties on all applicants for U.S. patents has already been soundly rejected, and cannot be accepted now. Pet. 23.

The asserted '636 claims are directed to a thin film transistor, a type of insulated gate field effect transistor ("IGFET") used in active matrix liquid crystal displays which are commonly used as screens in laptop computers. A. 44a. The claims generally describe a combination of an IGFET that includes a source, a drain, a silicon nitride gate insulator

and another insulator, a conductive gate, and an intrinsic amorphous silicon channel region having impurities (oxygen, nitrogen, and carbon) at concentrations of 5×10^{18} atoms/cm^3 or less. A. 44a. The district court found that the combination of the specific structure together with the low impurity levels constitutes the claimed invention of the '636 patent. A. 44a.

B. SEL's Inequitable Conduct Regarding The '636 Patent

In seeking the '636 patent, SEL submitted the entire 29-page Japanese language version of the Canon Japanese Laid Open Application No. 56-135968 ("Canon '968" or "Canon") to the PTO but only provided a one-page English translation of selected portions of it. A. 51a-52a. The district court expressly found that the untranslated information in the Canon '968 reference satisfied the test in Rule 56 for "materiality" on three separate grounds: it was not cumulative of prior art submitted to the PTO, it established a prima facie case of unpatentability in combination with other information, and it refuted arguments that SEL made during prosecution.[1] A. 52a-56a.

The district court found "the untranslated portions of Canon . . . contain a more complete combination of the elements -- the intrinsic amorphous silicon, the silicon nitride gate insulator, and the admonition to avoid impurities -- that are claimed in the '636 patent itself." A. 54a-55a; *see also* A. 50a (and cases cited).

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[1] Under Rule 56, "information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and (1) [i]t establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or (2) [i]t refutes, or is inconsistent with, a position the applicant takes in: (i) [o]pposing an argument of unpatentability relied on by the Office, or (ii) [a]sserting an argument of patentability." 37 C.F.R. § 1.56(b). A. 105a.

> [T]he untranslated portions of the Canon '968 application and the Tsai article, taken together, would disclose a device having every element of the asserted claims of the '636 patent. As Dr. Fonash put it, a fully translated Canon '968 application provides a "good blueprint" for making the exact device described in the '636 patent, and additionally provides the admonition to avoid impurities.

A. 55a. The district court held that the whole Canon '968 with the Tsai article[2] would have rendered obvious, and thereby not patentable, the claims of the '636 patent. A. 91a n.13; A. 55a. The Federal Circuit agreed. A. 9a-10a. In other words, a proper disclosure of the entirety of the teachings of the full Canon '968 reference would have meant SEL and Yamazaki would never have received the '636 patent in the first place.

Dr. Yamazaki, a native of Japan who is fluent in Japanese and a solid state physicist (A. 12a), read and clearly understood the Japanese Canon reference, but decided that only parts should be translated and submitted to the PTO with the full Japanese version (A. 52a-53a). As the district court found, "given that Dr. Yamazaki decided to submit just a partial translation of Canon, it is simply not credible that Dr. Yamazaki was unaware that the untranslated portions of the Canon '968 application disclosed the additional elements described in his '636 patent application" because those elements were the basis for SEL's patentability argument. A. 78a; A. 78a-79a (the evidence points clearly and convincingly to the conclusion that SEL knew that a full translation of Canon would decrease the possibility that the '636 patent would issue and that SEL knowingly concealed

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[2] The "Tsai article" is another prior art reference that was material to the prosecution of SEL's patent. A. 56a.

the full importance of the reference in an effort to mislead the PTO).

After seven days of trial, the district court concluded that, whenever there was a conflict, SEL's witnesses were not as credible as Samsung's witnesses. A. 53a n.8. Moreover, SEL's contrived, after-the-fact allegations of "good faith" could not overcome the overwhelming evidence of SEL's "sophisticated, subtle, and consistent effort to hide the ball from the PTO in a manner plainly at odds with an applicant's duty of candor, good faith, and honesty." A. 82a.

> The record, as a whole, simply contains too many instances of information withheld, and references mischaracterized, to reach any conclusion other than that the withholding and mischaracterizations were part of an intentional, not accidental or inadvertent, plan to mislead the PTO.

A. 82a. As the Federal Circuit later recognized, such fact-finding on credibility and intent are entitled to great deference on appeal. A. 10a (citing *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1180-81 (Fed. Cir. 1995)). *See also Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1255 (Fed. Cir. 1997).

The untranslated portions of the Canon '968 (which were not described in the applicant's concise statement of relevance), in combination with Tsai, would render the '636 patent obvious under 35 U.S.C. § 103. Since any non-cumulative reference which would render the patent obvious is highly material, the evidence of intentional deception identified by the district court was well in excess of what was needed to support its finding that SEL committed inequitable conduct. Thus, the Federal Circuit agreed that the district court correctly found that SEL and Dr. Yamazaki acted with

an intent to mislead the PTO into allowing the '636 patent to issue. A. 10a-17a.

REASONS FOR DENYING THE WRIT

SEL's petition seeks review of a straightforward, case-specific application of established inequitable conduct doctrine to the particular circumstances of a foreign applicant that intentionally misled the PTO regarding highly material information known to the applicant from his review of an important prior art reference written in his native language. Having already failed four times (at trial, on reconsideration, on appeal, and on rehearing) to convince any federal judge that its intentional concealment of invalidating prior art from the PTO could be condoned, SEL's final attempt to avoid the consequences of its fraudulent behavior in obtaining the '636 patent must now here be rejected for three reasons.

First, no important unsettled question of federal law is presented by this case. The doctrine of inequitable conduct is well defined and the PTO's rules clearly set forth an applicant's duty to disclose information material to patentability. This case merely applies these well-settled rules and principles to the facts as found by the court below. As such, the petition should be denied.

Unable to mount any serious challenge to the facts found by the district court, SEL alleges that the Federal Circuit's opinion affirming the district court's judgment somehow extends the inequitable conduct doctrine well beyond its proper scope in disregard of the PTO's regulations and rule-making authority. Indeed, SEL unabashedly argues that it did all that is required under PTO rules, and the Federal Circuit erred in requiring anything more. As demonstrated by the lower court's opinions and findings,

SEL's assertions disregard the record, distort the PTO's regulations, and defy common sense.

To allow any applicant to knowingly conceal highly material prior art from the PTO, no matter in what language or manner that information was originally discerned by the applicant, would irreparably undermine the fundamental processes of the United States ex parte patent prosecution system. All applicants are subject to the same disclosure duties, which by necessity include disclosing material information to the PTO in a manner that reveals rather than conceals. SEL's implicit suggestion that foreign applicants are treated differently or unjustly burdened in their dealings with the PTO is simply wrong. Every applicant has the same obligation under the PTO's disclosure rules.

Any inequitable conduct inquiry must focus on whether there was material, non-cumulative information that the applicant knew about and failed to disclose, and whether it did so with an intent to mislead the PTO. Rule 56, A. 104a-106a. As the district court found, that is exactly what happened here. After a seven-day bench trial, during which Dr. Yamazaki testified twice, Judge Ellis found Yamazaki's deliberate misconduct was part of "a sophisticated, subtle, and consistent effort to hide the ball from the PTO" that reflected SEL's "intentional, not accidental or inadvertent, plan to mislead the PTO."

SEL submitted the Japanese Canon '968 reference to the PTO without translating highly material portions to English or otherwise giving the PTO any basis for learning that the untranslated portions of that reference would have any potential impact on the patentability of the claims. Indeed, SEL made it look like no further translation was needed. As the district court found: Dr. Yamazaki read and understood the Japanese Canon '968 reference; consciously

decided what to selectively reveal to the PTO; and acted with an intent to deceive the PTO so that the potentially valuable '636 patent would issue without SEL having to overcome the teachings of that untranslated information.

The district court found the untranslated information, in combination with other references known to Dr. Yamazaki, would render the invention claimed in the '636 patent obvious under 35 U.S.C. § 103. The Federal Circuit agreed. Not only was Dr. Yamazaki found to know of that high materiality, but SEL's "concise statement" of Canon's relevance disclosed only one element of the '636 patent without revealing that untranslated parts disclosed additional elements that formed the basis for SEL's patentability arguments. In short, SEL's explanation was so concise as to be affirmatively misleading, and was found to remove any incentive for the examiner to investigate the Canon reference further or to obtain a full translation of it.

This was no innocent mistake, but an intentional deception. Dr. Yamazaki, SEL's president and chief inventor, is intimately involved in prosecuting his patents, and has a sophisticated knowledge of the patent process. Consequently, the district court correctly found that he knowingly violated his duty of candor to the PTO to secure the important '636 patent. The district court found his testimony to be incredible, particularly that he was unaware that the untranslated portions of Canon contained a more complete combination of the elements claimed in the '636 patent than anything else before the PTO. Because a full disclosure of Canon would decrease the likelihood that the '636 patent would issue, SEL knowingly concealed the importance of the Canon '968 by submitting only a partial English translation and a misleadingly incomplete "concise" explanation in English to intentionally deceive the PTO.

Second, the case does not present an important unsettled question as to whether the scope of the duty of disclosure compels submission of translations of all art to the PTO. Attempting to distract this Court from its inexcusable conduct, SEL complains the result in this case means that submitting a foreign language reference to the PTO was not a disclosure and that SEL had a duty to translate the entire Japanese version of Canon. SEL's legalistic word games are designed to obscure its inequitable conduct. In this case, both the district court and the Federal Circuit easily and correctly recognized that submitting a Japanese language reference to the PTO cannot be equated with being a legally-adequate disclosure of the material information known by the applicant to be in that reference.

As correctly recognized by the Federal Circuit, "the duty at issue . . . is the duty of candor, not a duty of translation." Relevance alone does not create a duty to translate a foreign language document, but *known relevance* requires an applicant to fulfill its duty of candor by informing the PTO of that material information. SEL's intentional deception cannot be excused merely because the concealed information was learned from a foreign language reference that SEL did not need to translate into English.

As the Federal Circuit aptly noted, "SEL's contention that the examiner must have both read and fully understood the entire untranslated Canon reference based on his having read the misleadingly incomplete one-page translation and concise statement is absurd." Contrary to SEL's apparent premise, there can be no presumption that examiners will understand foreign languages or will translate all foreign language documents submitted, particularly in the absence of any reason or incentive to do so.

Third, this case does not present any question of federal patent policy or any conflict with this Court's prior decisions. To the extent the petition argues that rules of law were misapplied, such arguments are at odds with the record below. Accordingly, the petition lacks merit and should be denied.

SEL's tactic throughout has been to direct the reviewing court's attention to what SEL did disclose and away from what it did wrong. However, inequitable conduct due to a willful misrepresentation cannot be overcome by reference to other information that may have been properly disclosed. Moreover, an applicant does not have and cannot be given unbounded discretion to selectively choose what to disclose or to describe. Under the established facts of this case, the only possible conclusion was that SEL's English explanation of the Japanese Canon reference was far too concise to satisfy its duty of candor.

SEL previously tried to dramatize its appeal to the Federal Circuit as being a "major test" of inequitable conduct doctrine. The Federal Circuit rejected that argument. Applying the proper standards of review, the Federal Circuit examined the record and held that the district court understood the law, made the proper analysis, and based its judgment on detailed findings supported by the evidence at trial. SEL's petition should be denied.

I. SEL'S HINDSIGHT ATTEMPTS TO CREATE LEGAL EXCUSES FOR ITS PROVEN INEQUITABLE CONDUCT WERE PROPERLY REJECTED

Before the Federal Circuit, SEL failed to show any clear error in the district court's underlying findings, balancing of the relevant factors, or ultimate discretionary

determination that the '636 patent was properly held to be unenforceable. A. 26a. Undaunted, SEL's petition again reurges the same distorted reading of the PTO's rules and the applicable case law as providing a defense for SEL's demonstrated inequitable conduct. As held by the district court and the Court of Appeals, such manufactured excuses are legally meritless and directly contrary to the facts as found.

A. Merely Submitting A Foreign Language Reference Does Not Mean All Material Information Has Been Disclosed To The PTO

SEL argues that the new PTO rules do not require applicants to translate foreign references into English, so it cannot be faulted for not translating the entire Japanese Canon reference. However, that misdirects the relevant inquiry. Whether or not a foreign reference is translated into English, the federal courts (and the PTO) clearly do impose a duty to inform the PTO in a meaningful way of all material information known to the applicant, regardless of what language it was in when the applicant learned of it. Otherwise, applicants could simply avoid their duty to disclose material information if they learn it by reviewing non-English language publications.

The district court clearly did not impose a blanket obligation on SEL to translate all foreign language documents, and did not find that SEL had committed inequitable conduct for concealing material information of which SEL and Dr. Yamazaki were unaware. Here, Dr. Yamazaki was found to have read and understood a highly relevant Japanese prior art reference, and knowingly acted to conceal from the PTO material aspects of that reference that would have created a *prima facie* case of unpatentability. This case was not about creating a duty to translate foreign

references, but about SEL's clear violation of every applicant's duty of candor to the PTO.

SEL's unsupported assertion that foreign applicants for United States patents "expect to submit the prior art from their countries in their native language" (Pet. 17) is unreasonable, and cannot justify its corresponding suggestion that the PTO's rules accept, much less encourage, such activities. Under the rules, material information in a foreign document can be provided to the PTO by a full translation or by a statement of relevance that allows an examiner to make an informed decision whether the information is indeed sufficiently material that a full translation is needed.

To properly discharge its duty of candor, SEL could have translated more of the Canon '968, or could have described the untranslated, relevant teachings of Canon in the "concise" statement of relevance. SEL intentionally declined to do either. Thus, SEL's culpability did not stem from its failure to provide a full English translation of Canon to the PTO, but rather from its failure to adequately inform the PTO (in English) of that reference's known materiality. That is neither new law nor a departure from existing law or regulations, but merely a proper application of such law to the particular facts of this case.

B. SEL's Alleged Reliance On PTO Rule 98 As Providing A Legal Excuse For Its Inequitable Conduct Was Properly Rejected

SEL further argues that Rule 98(c) does not impose a legal obligation to prepare or submit any more of a translation than already existed. The district court disposed of this argument as follows:

> In relying on Rule 98(c) to excuse the failure to submit a fully translated version [of Canon] to the

> PTO, SEL places more weight on the rule than it can bear. Rule 98(c) requires an applicant to submit any translations of a reference that they might possess. But that rule provides a floor for required submissions of translations of foreign applications, not a ceiling; it is by no means an excuse or a license for concealing material portions of a prior art reference.

A. 91a. That rejection of SEL's attempt to find a "safe harbor" for its inequitable conduct in Rule 98 was properly affirmed by the Federal Circuit. A. 13a.

According to SEL, the Federal Circuit's decision "suggests" that an applicant now must refrain from submitting a pre-existing English translation even though PTO rules require that it be submitted. *See* Pet. 20 n.19. However, the only logical interpretation of the Federal Circuit's holding, and of the applicable PTO rules, is that an applicant cannot fail to inform the PTO of highly material aspects of a non-English reference "presently understood" by the applicant, and then excuse its breach of the duty of candor by arguing that its incomplete disclosure fully complied with the rules because a more complete English translation had not previously been made.

If the Canon '968 reference had been written in English, and its materiality known to SEL, SEL's intentional decision to submit only one page and not to disclose the material information on the other twenty-eight pages would unquestionably support a finding of inequitable conduct. The result can be no different where an applicant knowingly fails to disclose the same material information learned from a reference written in that applicant's native language.

SEL's assertions that a patent applicant should be entitled to conform its conduct to the PTO rules ring hollow. Rule 98 does not allow applicants that do not need a written English translation to understand non-English prior art to avoid disclosing material information known by the applicant to the PTO. *See* Duty of Disclosure, 57 Fed. Reg. 2021, 2031 (1992), Reply to Comment 74, reprinted in the Respondents' Appendix ("R") 4a-5a (noting that most PTO examiners do not have the ability to understand information which is not in English, that the PTO will not routinely translate information submitted in a non-English language, and that applicants are required to aid the examiner by complying with the requirements for a concise explanation in 37 C.F.R. § 1.98(3)). Thus, not only did SEL not comply with the spirit of the rules, it did not even comply with their letter.

C. The Examiner Cannot Be Presumed To Have Understood The Untranslated Portions Of The Japanese Reference Not Brought To His Attention By SEL

No legal precedent or PTO regulation creates a presumption that examiners read and understand foreign languages or will have every foreign language document translated. That appears to be a matter of common sense to everyone but SEL. Nevertheless, SEL tries to transform a sentence in the Manual of Patent Examining Procedure ("MPEP") § 609C stating that "[t]he examiner should not require a translation be filed by the applicant" (Pet. 4) into a rule that an applicant can never be faulted for not supplying an English translation to the PTO.[3] However, the rest of

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[3] Although the Manual of Patent Examining Procedure ("MPEP") has no binding effect on the court, because its provisions represent the PTO's interpretation of statutes and regulations it is due deference. *Molins PLC v. Quigg*, 837 F.2d 1064, 1067 (Fed. Cir. 1988).

section 609C reveals SEL's overextension of the presumption that examiners will do their jobs.

According to *MPEP* § 609C, submitted information "which is in a non-English language will be considered in view of the concise statement submitted and insofar as it is understood on its face, e.g., drawings, chemical formulas, in the same manner that non-English language information in Office search files is considered by Examiners in conducting searches." A. 122a. In other words, foreign language references are considered only to the extent that information in them can be discerned by an English-speaking examiner. Indeed, the *MPEP* states that the need for the concise statement of relevance is directed to features that are not in the English partial translation. A. 119a. If anything, the *MPEP* confirms that the examiner must rely on the concise statement of relevance submitted by the applicant. *See also* Duty of Disclosure, 57 Fed. Reg. 2021, 2031 (1992), Reply to Comment 74, R. 4a-5a. Dr. Yamazaki's statement which deals only with the features of Canon which were translated – the silicon nitride gate insulator – is thus particularly objectionable. *Compare* A. 165a (SEL's pre-existing partial translation), *with* A. 125a (SEL's information disclosure statement containing SEL's concise statement of relevance of the Canon '968).

MPEP § 609C also instructs that "[t]he examiner should not make any comment such as that the non-English language information has been considered to the extent understood, since this is inherent." A. 122a. Apparently, an examiner's inability to read foreign languages is not inherent to SEL, who asserts that it satisfied the rules by providing the Japanese reference to the PTO. While SEL places great weight on translation being available to the examiners (*e.g.*, Pet. 20 n.19, 21 n.20), and even suggests that the examiner might have read and understood Japanese (Pet. 20 n.19),

there is no presumption that an examiner will understand a foreign language reference or will even know when and what to translate into English.

MPEP § 609C also states that "[t]he examiner need not have the information translated unless it appears necessary to do so." A. 122a. Here, there is nothing on the face of the Japanese version of Canon to put an English-speaking examiner on notice of the material information discernible by one who understands Japanese, like Dr. Yamazaki. *See* Canon '968 Patent, reprinted at A. 152a-162a. Moreover, as the district court found, "'SEL's brief statement of relevance identifying only the silicon nitride gate as being pertinent, coupled with the partial translation disclosing that element, certainly removed any incentive [for the examiner to secure a full translation].'" A. 91a n.12 (quoting A. 78a).

D. An Incomplete Disclosure Of Relevance Is Not Excused Because It Does Not Misrepresent What It Does Not Disclose

According to SEL, it "technically" met the "minimum" requirements of the PTO rules because its statement of relevance was concise, accurate, and made by the person most knowledgeable about Canon. Once again, SEL misdirects the relevant inquiry. The dispute over Canon is not over the accuracy of what SEL did disclose, but over what SEL knew was material to patentability but intentionally concealed from the PTO.

By its terms, Rule 98(a)(3) requires "[a] concise explanation of the relevance, as it is presently understood by the individual . . . most knowledgeable about the content." A. 107a. SEL ignores that the district court found as a matter of fact that Dr. Yamazaki knew of Canon's materiality at the

relevant time, and that finding was affirmed as not clearly erroneous. A. 16a. That finding means that SEL's concise statement did not inform the PTO of Dr. Yamazaki's "present understanding" of the entire materiality of Canon '968. Hence, contrary to SEL's premise, it did not even "technically" comply with Rule 98.

According to SEL, the PTO's rules only require a concise explanation that satisfies a "subjective" standard of what was understood by the most knowledgeable individual. However, if that were true, no applicant will ever admit to understanding that a reference had material information not disclosed to the PTO. Here, such testimony by Dr. Yamazaki was found incredible, yet SEL asserts his rejected subjective beliefs should still be dispositive of SEL's disclosure obligations to the PTO.

SEL claims an applicant can be "selective" in discussing similarities between a foreign reference and the claimed invention, and asserts that one-sentence summary explanations have been commonplace. Pet. 22 n.22. However, there is an obvious difference between one sentence explanations of English language references, and one-sentence summaries of foreign language references, particularly where the untranslated and unexplained information in the latter is known to be material and intentionally undisclosed. Where an applicant's concise statement of relevance will be the examiner's sole basis for learning what material information might be in a foreign reference, SEL's standard under which the explanation can never be "too concise" is meritless.

As the Federal Circuit correctly realized, the MPEP's discussion of the rule governing a "concise statement" does not give an applicant complete discretion to disclose as much or as little as it knows about the reference as long as what is

stated is accurate. A. 13a-14a. Moreover, that rule cannot be interpreted as meaning that an applicant has discretion to "select" to disclose only some of what it deems to be important regardless of the other material information disclosed therein. If that were true, an applicant could avoid informing the PTO of a foreign reference that is only one element short of fully anticipating the claimed invention by only disclosing the single feature that is subjectively viewed as most relevant by the applicant. A. 14a-16a.

Simply put, the PTO rules cannot be interpreted as meaning that any statement of relevance, no matter how intentionally misleading or incomplete, is sufficient to fulfill one's duty of disclosure as long as nothing in the statement is false. Inequitable conduct is not limited to affirmative misrepresentations, but also includes concealing material information, coupled with an intent to deceive (as the district court found occurred in this case). *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995). Finally, SEL's demonstrated inequitable conduct as to Canon '968 is not negated by showing that other information may have been disclosed accurately.

II. SEL'S ARGUMENTS REGARDING JUDICIAL DEFERENCE TO AGENCY RULEMAKING ARE MISPLACED

SEL claims that this is a case in which the Federal Circuit has imposed its "own notion about what procedures are best for obtaining information or achieving the [PTO's] goals" (Pet. 18) and has "declined to give judicial deference to the basic PTO Rules governing the core of the patent examination process" (Pet. 23). SEL's arguments regarding judicial deference to agency rulemaking are misplaced – there is no agency rulemaking at issue. Rather, this case is

about the application of the judicially crafted doctrine of inequitable conduct.

Inequitable conduct is a purely equitable doctrine under which patents can be held unenforceable where it is proven by clear and convincing evidence during subsequent litigation before a district court that the applicant knowingly withheld material information from the examiner with an intent to deceive the PTO into issuing the patent without knowledge of such information. *See Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995); *Kingsdown Med. Consultants, Inc. v. Hollister Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988). A determination regarding the intent of the parties is a key element in any inequitable conduct determination. *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256 (Fed. Cir. 1997).

In part because of the fact-based nature of the inequitable conduct inquiry, the power to make inequitable conduct determinations lies squarely with the federal courts – not the PTO. Indeed, the PTO has expressly rejected the notion that it should make such determinations. In 1988, when considering the impending changes to Rule 56, the PTO announced that it would no longer make inequitable conduct determinations because:

> The [Patent & Trademark] Office is not the best forum in which to determine whether there was an 'intent to mislead', such intent is best determined when the trier of facts can observe the demeanor of witnesses subjected to cross-examination.
>
> * * *
>
> Also, it is the courts and not the Office that are in the best position to fashion an equitable remedy to fit the precise facts in those cases where inequitable conduct

> is established. Furthermore, inequitable conduct is not set by statute as a criteria for patentability but rather is a judicial application of the doctrine of unclean hands which is appropriate to be handled by the courts rather than by an administrative body.

PTO Implementation of 37 CFR § 1.56, 1095 Official Gazette 16 (October 11, 1988), reprinted at R. 6a-8a.

Indeed, knowing that courts and not the PTO would implement the doctrine of inequitable conduct, the PTO specifically provided interpretive guidance for the courts. For example, the PTO states the policy behind Rule 56 in the first two sentences of that rule,[4] because "the sentences aid in the understanding of the rule and will provide those involved in enforcing patents with an indication of the policy on which the rule is based." *See, e.g.*, PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021, 2025 (January 17, 1992), Reply to Comment 18, R. 3a.

Moreover, the PTO has acknowledged that any applicant who did not comply with its standards "will assume the risk that a *court* might find a violation of the duty of candor and good faith." PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021, 2027 (January 17, 1992), Reply to Comment 40, R. 3a (emphasis added). Clearly, the PTO itself recognizes that the determination of inequitable conduct is committed to the sound discretion of the courts.

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[4] "A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability." 37 C.F.R. § 1.56(a) ("Rule 56"), A. 104a.

Not only is judicial deference to the PTO antithetical to the equitable nature of the proceedings and the fact-finding required for an inequitable conduct determination, but it is also irrelevant in this case because, to the extent deference was required, it was given. The district court (as affirmed by the Court of Appeals) clearly followed the guidelines concerning materiality set out by the PTO when it made its inequitable conduct ruling.

As the Federal Circuit correctly noted, "[t]he duty at issue in this case is the duty of candor, not a duty of translation." A. 16a. With respect to that duty, the PTO has acknowledged that its rules cannot lay out each and every circumstance that could constitute a violation of the duty of disclosure: "rule [56] does not attempt to define the spectrum of conduct that would lack the candor and good faith in dealing with the Office which is expected of individuals who are associated with the filing or prosecution of a patent application." PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021, 2022 (January 17, 1992), A. 110a. The rule is therefore merely a guideline, and the PTO expects that courts will apply the rule in light of the "policy" the rules are intended to support. *See*, PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021, 2025 (January 17, 1992), Reply to Comment 18, R. 3a. Courts cannot be held to have violated any duty to defer to agency rules and guidelines when the PTO expressly states that it waives the right to hold inequitable conduct hearings and instead defers to courts which are better suited to evaluating intent and the demeanor of witnesses, and when courts are granted the authority to make interpretations in light of the PTO's policy, as the court did here in the context of the specific facts presented.

In its petition, SEL consistently attempts to direct this Court's attention away from the Rule 56 duty of disclosure,

which the courts below clearly applied appropriately, toward the Rule 98 rule on translations, which SEL alleges was inappropriately applied. SEL says that its Rule 98 information disclosure statement was "archetypal of concise statements in patent prosecutions" (Pet. 26) and that to require more is a clear case of the courts erroneously engrafting their own guidelines to the implementation of that rule. But SEL did not, in fact, comply with the rule on concise explanations of relevance regarding non-English language translations. The PTO specifically explained the purpose underlying the duty to provide a concise explanation of untranslated material is to aid the examiner in knowing when to request full translations:

> Applicants should note, however, that most examiners do not have the ability to understand information which is not in English and that the Office will not routinely translate information submitted in a non-English language. The examiner will consider the information insofar as it is understood on its face, e.g., drawings, chemical formulas, English-language abstracts, but will not have the information translated unless it appears to be necessary to do so. Applicants are required to aid the examiner by complying with the requirements for a concise explanation in § 1.98(a)(3) for information submitted in a non-English language.

PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021, 2031 (January 17, 1992), Reply to Comment 74, R. 5a.

Indeed, the MPEP makes additionally clear that the concise explanation required under Rule 98 is requested for the purpose of elucidating the significance of the *untranslated* portions of a reference, so that the examiner will

be aided in knowing when to request a full translation. A. 119a ("The requirement for a concise explanation of relevance is limited to information that is not in the English language.").

Thus, contrary to finding that SEL followed the rule and intended to aid the examiner with its "concise explanation," the district court held, and the Court of Appeals affirmed, that highly material information in the Canon '968 that would have rendered the claimed invention unpatentable was concealed with an intent to deceive the PTO. That concealment was made by Dr. Yamazaki, a knowledgeable applicant experienced in the United States patent procurement process and disclosure duties, in knowing contravention of the duty of disclosure and the purposes behind the "concise explanation" required by Rule 98. SEL's after-the-fact protestations of "good faith" through its facial compliance with the rule, should not overcome the overwhelming evidence of SEL's "sophisticated, subtle, and consistent effort to hide the ball from the PTO in a manner plainly at odds with an applicant's duty of candor, good faith, and honesty." A. 82a. The district court held, and the Court of Appeals affirmed, that SEL's explanation of its conduct was simply not credible. That factual determination, made after days of testimony, was exactly the kind of matter reserved for decision by the court.

By raising for the first time the specter of judicial deference in this case, SEL is simply pandering to the Court in an effort to manufacture an issue for review. The district court, as affirmed by the Court of Appeals, properly decided SEL's intent and credibility, and did so with respect for and in compliance with the policies underlying the PTO rules and the literal requirements of the rules. SEL's argument to the contrary should be rejected.

III. SEL'S DUE PROCESS ARGUMENTS ARE FACTUALLY UNSUPPORTED AND LEGALLY BASELESS

SEL has suggested that the district court's ruling on inequitable conduct and the Court of Appeals' affirmation of that ruling implicates due process concerns. Pet. 23. SEL claims that it did not have adequate notice of conduct, or an opportunity to defend against claims, which could potentially invalidate its patent. Pet. 23. Of course, SEL's claim ignores that, absent its inequitable conduct, its patent would not have issued and SEL would have no property of which to be deprived. Moreover, SEL does not even specifically state whether it is trying to raise procedural or substantive due process issues.

To the extent that SEL is claiming a deprivation of procedural due process, it unquestionably has no basis for that argument. SEL has had all the process it is due. It had a seven-day bench trial, a motion for rehearing before the district court, an appeal to the Federal Circuit, and a petition for rehearing and rehearing en banc to the Federal Circuit. SEL has had ample opportunity to explain its position to multiple levels of courts prior to the imposition of any liability, and at every turn has merely "advanc[ed] the same arguments that were advanced . . . at the [initial] hearing [which were] ultimately found unpersuasive." A. 86a-87a n.5. In this respect, SEL's position stands in stark contrast to the legal authority it presents in support of its position. *See* Pet. 26 (citing *Nelson v. Adams USA, Inc.*, __ U.S. __, 120 S. Ct. 1579, 1585 (2000)). In *Nelson*, the Court concluded a litigant was denied due process because he was "never afforded a proper opportunity to respond to the claim against him." 120 S. Ct. at 1585 (judgment amended to impose liability simultaneously with an amendment of pleadings adding the litigant). No such circumstance occurred here.

Any claim that, like the litigant in *Nelson*, SEL was not afforded procedural due process must be rejected.

Any claim that SEL was not afforded substantive due process must be likewise rejected. The thrust of SEL's *petition* argument is that, because it had no notice that its "facial" compliance with the rule on translations would be rejected and its patent held unenforceable, it was "deprived . . . of property without considering [its] reasonable reliance on PTO regulations." Pet. 28. In fact, SEL particularly complains that the Federal Circuit's opinion ignores this important point in that it "never discusses the reasonable reliance issue." Pet. 26.

There is, of course, a sound reason for the Federal Circuit's failure to discuss these points – SEL simply did not raise it below as presenting a due process violation.[5] But, even if SEL had placed the issue before the district court or the Court of Appeals, it would have been rejected below, as it should be here, because the argument is both factually and legally unsupported.

SEL's position that it did not have advance notice of how the court would interpret agency rules is simply factually inaccurate. As SEL's president and major shareholder, Dr. Yamazaki is very experienced with the patent application process in the United States. He testified, "patents are my life. They are very important to me." A. 77a. He conceded that he understood the duty of candor

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[5] SEL's failure to raise this point below as a denial of due process constitutes a waiver of the due process issue before this Court. *See, e.g., G.D. Searle & Co. v. Cohn*, 455 U.S. 404, 412 n.7 (1982) ("Because petitioner did not present this argument to the Court of Appeals, we do not address it."); *see also DeShaney v. Winnebago County Dept. of Social Servs.*, 489 U.S. 189, 195 n.2 (1989).

imposed upon applicants by the PTO. A. 55a n.11. Thus, SEL's premise in its petition that Dr. Yamazaki did not have advance notice of the established disclosure duties on all applicants for U.S. patents has already been soundly rejected, and cannot be accepted now.

Moreover, even if Dr. Yamazaki did not personally have notice of the duty of candor, SEL's patent prosecution counsel surely had notice of the duties of candor and of disclosure for foreign language references, and the potential for judicial review and invalidation through inequitable conduct proceedings. *See* PTO, *Duty of Disclosure,* Notice of Final Rulemaking, 57 Fed. Reg. 2021 (January 17, 1992), R. 1a-5a; *see also supra* Part I (extensive discussion of the C.F.R. and MPEP). SEL and Dr. Yamazaki had more than adequate notice that their intentional acts, which were calculated to and which did deceive the PTO, could result in the unenforceability of SEL's patent.

SEL's position is also legally insupportable. Regardless of any specific knowledge about how a court might interpret PTO rules of disclosure for foreign language references in light of the applicant's actual knowledge and overarching duty of candor, the idea that SEL did not have adequate notice that a court acting in equity could invalidate its patent is ludicrous. What SEL is really complaining about is that it had no adequate notice that the courts would be able to identify, appreciate, and punish its subtle scheme of fraud. SEL's position, if accepted, would allow any litigant denied relief by the courts on the basis of unclean hands to rely on its lack of specific notice of a well established equitable doctrine to create a due process claim. That cannot, and should not, be the law.

CONCLUSION

For the reasons stated above, SEL's petition for writ of certiorari should be denied.

Respectfully submitted,

RICHARD L. STANLEY
HOWREY SIMON ARNOLD
& WHITE, LLP
750 Bering Drive
Houston, Texas 77057
(713) 787-1400

CECILIA H. GONZALEZ
HOWREY SIMON ARNOLD
& WHITE, LLP
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 783-0800

DAVID J. HEALEY
Counsel of Record
GARY J. FISCHMAN
LISA S. MCCALMONT
GOLDSTEIN & HEALEY L.L.P.
1177 West Loop South, 10th Floor
Houston, Texas 77027
(713) 877-1515

Attorneys for Respondents
Samsung Electronics Co., Ltd., et al.

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